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## PRELIMINARY OBSERVATIONS

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This is my first Annual Report to Parliament as Parliamentary Inspector of the Corruption and Crime Commission since my appointment on 1 February 2009. My appointment followed the expiration on 31 December 2008 of the term of Mr Malcolm McCusker AO QC as the first Parliamentary Inspector.

Section 203 of the *Corruption and Crime Commission Act 2003* ('the Act') requires the Parliamentary Inspector to prepare, within 3 months of 30 June each year, a report as to his or her 'general activities' during that year, and to cause it to be laid before each House of Parliament or under Section 206 (where a House is not sitting) within 21 days of the preparation of the Report.

During the reporting period the Office of Parliamentary Inspector of the Corruption and Crime Commission ('PICCC') received a total of **55** complaints concerning the Corruption and Crime Commission ('the Commission'). The complaints were either received by my office directly from public officers or members of the public who were aggrieved by a decision of, or action taken by, the Commission, or were referred to me by the Commission itself. In the reporting period, **48** investigations have been concluded. This is an increase of **64%** compared with the financial year 2007 – 2008.

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## 1. FUNCTIONS OF THE PARLIAMENTARY INSPECTOR

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The Parliamentary Inspector has the following functions under s195(1) of the Act:

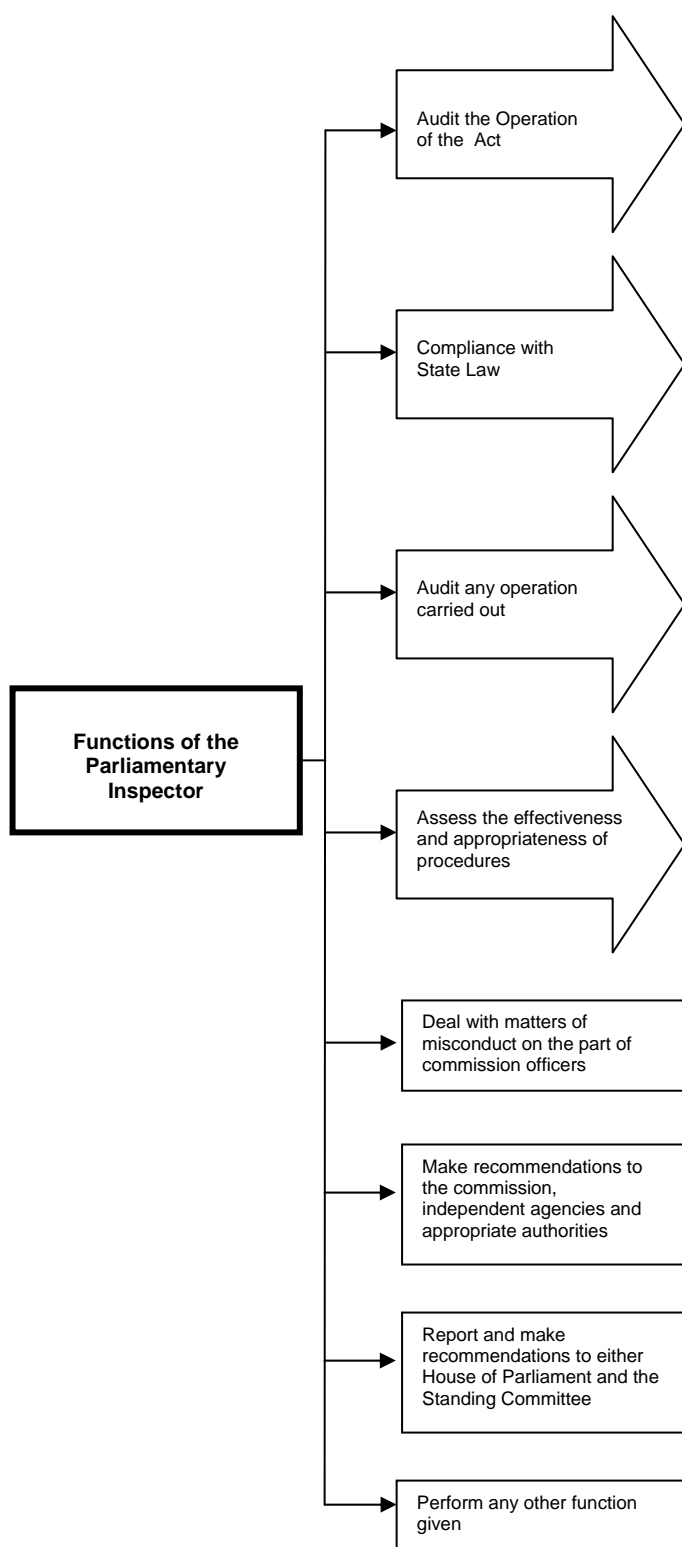
- (aa) to audit the operation of the Act;
- (a) to audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State;
- (b) to deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector;
- (cc) to audit any operation carried out pursuant to the powers conferred or made available by this Act;
- (c) to assess the effectiveness and appropriateness of the Commission's procedures;
- (d) to make recommendations to the Commission, independent agencies and appropriate authorities;
- (e) to report and make recommendations to either House of Parliament and the Standing Committee;
- (f) to perform any other function given to the Parliamentary Inspector under this or another Act

These functions may be performed on the Parliamentary Inspector's own initiative, at the request of the Minister, in response to a matter reported to the Parliamentary Inspector, in response to a reference by either House of Parliament, or in response to a reference from the Joint Standing Committee of the Corruption and Crime Commission (JSCCCC) or the Commission.

The Inspector may report to the Parliament or to the JSCCC at any time on matters affecting the Commission, including the operational effectiveness and requirements of the Commission and any administrative or general policy matter relating to the functions of the Parliamentary Inspector. The Inspector is also obliged to report annually to the Parliament about his or her general activities during the year. This report may be prepared in conjunction with the Annual Report required under the *Financial Management Act 2006*.

On 4 February 2009 the Commissioner, The Honourable Len Roberts-Smith QC, the Acting Commissioner, Ms Gail Archer SC, the former Parliamentary Inspector, Mr Malcolm McCusker AO QC, the former Acting Parliamentary Inspector, Mr Ken Martin QC and I met in a closed session with the JSCCC. The purpose of this meeting was to determine a suitable basis upon which the Commission, the JSCCCC and the PICCC would agree upon the scope of the functions and powers of the PICCC as stipulated by the Act, and suitable means by which any significant difference of opinion on this subject might properly be settled. The outcome of this meeting was an agreed mechanism by which any significant difference of opinion of the type described would be addressed. This agreement facilitated a withdrawal of Supreme Court proceedings aimed at determining some of the jurisdictional questions concerning the powers and functions of the Parliamentary Inspector.

The key functions of the Parliamentary Inspector are summarised below:



## **1.1 Analysis of the Audit and Other Functions of the Inspector**

The following information relates to the allocation of the resources of the PICCC to the functions listed in s 195(1) of the Act. Of the total hours worked in the reporting period, **61%** was devoted to audit functions.

### **(aa) to audit the operation of the Act**

This function is performed by reviewing Commission investigations pursuant to complaints made by members of the public; through the conduct of separate audit functions under s 195(1) of the Act; as a result of a request from the Minister, Parliament, the Commission or other stakeholders; through an inquiry held under s 197(1) of the Act; calling for submissions, or by a combination of these approaches.

During the reporting period **30%** of the total hours worked was devoted to the auditing for this function.

I have had insufficient time as Parliamentary Inspector to come to any comprehensive conclusions about how the operation of the Act could be improved. The mechanism agreed between the JSCCCC, the Commissioner and I, mentioned above under the heading 'Functions of the Parliamentary Inspector', will provide me with a greater awareness of how the operation of the Act could be improved.

### **(a) to audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State**

This function is primarily directed to two core areas (although it has other ramifications). The first is to provide assurance that the Commission uses its powers lawfully and appropriately when acting under statutes such as the *Surveillance Devices Act 1998*. The second is to provide assurance that the Commission does not use secrecy or confidentiality provisions to prevent normal accountability mechanisms from applying.

An audit of the following activities of the Commission is conducted under this function by the PICCC at the end of each quarter of the reporting period:

1. all warrants issued to the Commission under the *Surveillance Devices Act 1998* from the inception of the Commission;
2. all Assumed Identities Operations authorized by the Commissioner from the inception of the Commission;
3. all Controlled Operations authorized by the Commissioner from the inception of the Commission, and
4. general operations conducted by the Commission.

During the reporting period **1%** of the total hours worked was devoted to the auditing for this function.

The Commission has provided full cooperation and timely assistance during this audit process.

**(b) to deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector**

The Parliamentary Inspector may deal with an allegation of misconduct under s 195 and s 197 of the Act made against the Commission, or any of its officers. During the first six months of the reporting period, the PICCC conducted two Inquiries under s 197 of the Act, and reported on another Inquiry conducted in June 2008 under that section by the then Acting Parliamentary Inspector, Mr Ken Martin QC (referred to in the 2007-2008 Annual Report of the PICCC). In all three Inquiries there was no finding of misconduct on the part of the Commission or any of its officers.

The outcome of the Inquiry conducted by Mr Martin was reported to the JSCCCC on 3 November 2008. This Inquiry was held into suspected misconduct on the part of Commission officers in respect of the Smiths Beach Investigation. It resulted in recommendations being made by Mr Martin as regards the procedures of the Commission used to make application for warrants under the *Surveillance Devices Act 1998 (WA)* and the *Telecommunications (Interception and Access) Act 1979 (Com)*. The Commissioner accepted and implemented these recommendations.

**(cc) to audit any operation carried out pursuant to the powers conferred or made available by this Act**

This function enables the Parliamentary Inspector to audit all operations and investigations of the Commission, including those conducted pursuant to special powers conferred under the Act. However, it does not permit the Parliamentary Inspector to generally audit or otherwise have access to interception warrant information or lawfully intercepted information under the *Telecommunication (Interception and Access) Act 1979 (Com)*. The Parliamentary Inspector is only authorised to inspect such materials or information if misconduct on the part of the Commission, or any of its officers, is being investigated.

This function may be undertaken:

- at the request of the Minister;
- at the request of Parliament; or
- on the Inspector's own initiative, in which case operations could be selected;
- arising from the conduct of other auditing functions;
- on a risk assessment basis (such as where the use of special powers is extensive), or
- on a public interest basis.

In the reporting period I have not received any request by the Minister or reference by the Standing Committee or either House of Parliament to perform this audit function in relation to any operation of the Commission.

This audit function is to determine whether the operations, investigations and the use of special powers by the Commission:

- complied with the legislation in terms of the mandatory procedures for authorisation, monitoring, reporting and other accountability conditions;
- conformed to the policies and procedures established by the Commission;
- were conducted in a timely manner, and
- involved the reasonable use of special powers in the circumstance of the case.

The aim of this form of monitoring is to:

- reduce the risk of unnecessary use of, or abuse of the special powers by reason of awareness that such operations may be independently monitored ; and
- promote procedural improvements.

During the reporting period **30%** of the total hours worked was devoted to the auditing for this function.

Additionally, in November 2008 the PICCC commenced a general auditing program of concluded operations conducted by the Commission. This program is conducted by PICCC staff attending the Commission and being provided with computer records, or any other records, as required. The Commission has also provided full cooperation and timely assistance during this audit process. There have been **15** Commission operations audited in the reporting period since November 2008. This program is on-going.

**(c) to assess the effectiveness and appropriateness of the Commission's procedures**

This function enables the Parliamentary Inspector to examine the procedures adopted by the Commission to carry out its functions and powers. The function is carried out in a variety of ways, including in the course of the fulfilment of other auditing functions that require a simultaneous assessment of the effectiveness and appropriateness of the Commission's procedures; inquiries; consideration of complaints of misconduct against the Commission or its officers; consideration of complaints from members of the public concerning decisions made by the Commission; requests from Ministers; requests from Parliament (if any) and requests from the JSCCCC (if any).

As has been mentioned above, the Inquiry conducted under s 197 of the Act by Mr Martin QC into the Smiths Beach Investigation in June 2008 (and reported to the JSCCCC on 3 November 2008) made recommendations to the Commissioner in respect of changes to procedures for the application for warrants under the *Surveillance Devices Act 1998 (WA)* and the *Telecommunications (Interception and Access) Act 1979 (Com)*. The Commissioner has accepted and implemented these recommendations.

**(d) to make recommendations to the Commission, independent agencies and appropriate authorities**

This function is utilised to express the recommendations of the Parliamentary Inspector to the Commission about ways in which its proceedings might generally be improved or in respect of specific matters that have been investigated by, or came to the attention of, my office. This function also permits me to make any recommendations to an independent agency or appropriate authority. I have not had cause to do so.

**(e) to report and make recommendations to either House of Parliament and the Standing Committee**

This function authorises the Parliamentary Inspector to report, and to make recommendations to, either House of Parliament, and to the JSCCCC, where I think it necessary in the public interest to do so. There have been **3** reports in the past financial year. One report was tabled by the former Parliamentary Inspector, one by the former Acting Parliamentary Inspector and one by me.

**(f) to perform any other function given to the Parliamentary Inspector under this or another Act**

This function is presently of administrative relevance only, and relates to fulfilling statutory responsibilities imposed generally upon the Chief Officer of government agencies.



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## **2. POWERS OF THE PARLIAMENTARY INSPECTOR**

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The powers of the Parliamentary Inspector are granted by s 196 of the Act. In my opinion they are, on my reading of them, adequate to allow the Parliamentary Inspector to carry out his functions efficiently.

The legislative inability of the Parliamentary Inspector to conduct a general audit of interception warrant materials and the affidavits of evidence used by the Commission to gain warrants under the *Telecommunications (Interception and Access) Act 1979 (Com)* is a restriction imposed by this Commonwealth act, rather than any positive restriction imposed by s 196 of the Act.

The Parliamentary Inspector has the power to do all things necessary or convenient for the performance of the functions listed in s 195 of the Act. In addition, the Parliamentary Inspector may investigate any aspect of the Commission's operations, or the conduct of its operations; has access to the Commission's records; may require information or documents which relate to the Commission's operations or the conduct of its officers; may require officers of the Commission to appear to answer questions or produce documents in relation to the operations of the Commission, or the conduct of its officers; may refer matters relating to the Commission or its officers to other agencies for consideration or action; and may recommend that consideration be given to disciplinary action against, or criminal prosecution of, officers of the Commission.

If the Commission receives an allegation that may concern an officer of the Commission, it must notify the Parliamentary Inspector. The Parliamentary Inspector may, at any time, review the Commission's acts and proceedings in respect to any such allegation. The Parliamentary Inspector may remove the matter for consideration and determination at any time, may annul or substitute any determination made by the Commission with a new decision which can be of a remedial or compensatory nature. However, the Parliamentary Inspector's power does not extend to matter that arise from, or can be dealt with under, a jurisdiction created by, or that is subject to, the *Industrial Relations Act 1968 (WA)*.

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## **3. THE OFFICE**

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The PICCC is situated at Floor 12, 141 St Georges Terrace, Perth. The postal address of this office is Locked Bag 123, Perth Business Centre WA 6849. The office telephone number is (08) 9264 9570. The email address is [piccc@piccc.wa.gov.au](mailto:piccc@piccc.wa.gov.au) and the website address is [www.piccc.wa.gov.au](http://www.piccc.wa.gov.au)

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## **4. RECORD-KEEPING PLAN**

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The *State Records Act 2000* requires at s 19 that each agency has a record-keeping plan. The Parliamentary Inspector's Office has a record keeping plan which was finalised on 31 July 2005. The Record Keeping Plan is due to be amended and updated in the 2009/10 financial year.

The TRIM Context system of electronic record keeping is currently in place, which will ultimately improve easy access to the recorded information.

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## **5. REPORT ON OPERATIONS**

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### **5.1 COMPLAINTS**

During the reporting period the PICCC received **55** complaints concerning the Commission, or officers of the Commission.

### **5.2 NATURE OF COMPLAINTS**

Upon commencing my term as Parliamentary Inspector on 1 February 2009, the majority of complaints against the Commission or its officers which had not been concluded by Mr McCusker during his term were of a complex and serious nature arising out of investigations and subsequent reports by the Commission. Most of these complaints were made by non-public officers. A significant part of my time in the reporting period has been devoted to considering and dealing with the outstanding issues within these complaints. This process is on-going.

Other complaints received by the PICCC during the reporting period involved allegations that the Commission had incorrectly assessed their complaints of misconduct. The two primary bases for the rejection of such complaints by the Commission were that there was insufficient evidence of misconduct, or that the person about whom the complainant complained was not a public officer.

### **5.3 CO-OPERATION OF THE COMMISSION**

The Commission has co-operated fully and promptly in dealing with requests by the Parliamentary Inspector for further information where required.

### **5.4 MONITORING OF THE COMMISSION'S OPERATIONS**

It is intended that the Assistant to the Parliamentary Inspector will, in the year ending 30 June 2010, conduct random audits of files relating to the Commission's operations.

## **5.5 REPORTS TO THE STANDING COMMITTEE OR TO PARLIAMENT**

By s 201 of the Act I may at any time if I consider it appropriate to do so make a referral to the Standing Committee on, *inter alia*, any matters affecting the Commission, including the operational effectiveness and requirements of the Commission.

In discussion with the Standing Committee I have agreed that where a matter relating to the Commission arises, which may be seen to one of public interest, I will endeavour to confer with the Standing Committee before deciding whether to report.

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## **6. OPERATION OF THE COMMISSION**

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The Commission has published 'Notification Guidelines' to inform relevant agencies (and the public) of the functions of the Commission and how to notify suspected misconduct. I have reviewed the Guidelines and am satisfied that they provide accurate and helpful information, which can be obtained on the Commission's website.

The Commissioner has been careful to ensure that any matter which might arguably come within my function is referred to me. He has also kept me informed on matters pertaining to the Commission's operation and is available to confer with me as required.

Any complaints against Commission officers are placed on the relevant file, which is forwarded to me by the Commissioner himself, and the complainant is informed of that.

The Commission's website explains the role of the Parliamentary Inspector and how complaints against the Commission may be forwarded to me.

I consider that during the reporting period the Commission has established a sound framework for ensuring that its various functions, as detailed in Part 2, Division 2 of the Act, are being adequately addressed. They are:

- Prevention and Education;
- Misconduct investigations;
- Police Royal Commission; and
- Functions in relation to the (former) Anti-Corruption Commission.

I also consider that all complaints of misconduct received by the Commission are thoroughly assessed and that the criteria used in making the Commission's decision on whether to proceed further to an investigation are appropriate, taking into account among other things the age of the matter, the degree of public importance or interest and the significance to the individual complaint.

In the period under review a considerable amount of work was necessary to complete my investigation of matters arising out of the Smiths Beach Report. This required references to the Commission for further information and comment, and lengthy correspondence.

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## 7. AUDITOR GENERAL'S OPINION

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Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### Parliamentary Inspector's Responsibility for the Financial Statements and Key Performance Indicators

The Parliamentary Inspector is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

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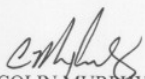
4th Floor Dumas House, 2 Havelock Street, West Perth 6005, Western Australia. Tel: 08 9222 7500 Fax: 08 9322 5664

**Parliamentary Inspector of the Corruption and Crime Commission**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2009**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Parliamentary Inspector of the Corruption and Crime Commission at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Parliamentary Inspector of the Corruption and Crime Commission are relevant and appropriate to help users assess the Parliamentary Inspector of the Corruption and Crime Commission's performance and fairly represent the indicated performance for the year ended 30 June 2009.

  
COLIN MURPHY  
AUDITOR GENERAL  
11 September 2009

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## 8. PERFORMANCE INDICATORS

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### 8.1 OUTCOMES AND SERVICES

#### Relationships to Government Goals

Broad, high-level government goals are supported at agency level by more specific agency desired outcomes. Agencies deliver services to achieve these desired outcomes that ultimately contribute to meeting the higher level government strategic goals. The following table illustrates the relationship between the agency level desired outcome and service and the most appropriate government goal.

Government Goal	PICCC Desired Outcome	Service
Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest.	An informed Parliament on the integrity and effectiveness of the Corruption and Crime Commission.	Evaluation of the effectiveness and appropriateness of Corruption and Crime Commission operations.

## 8.2 CERTIFICATION OF PERFORMANCE INDICATORS

### Key Performance Indicators

#### Certification of Performance Indicators for the Year Ending 30 June 2009

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Parliamentary Inspector of the Corruption and Crime Commission's performance, and fairly represent the performance of the Parliamentary Inspector of the Corruption and Crime Commission for the financial year ended 30 June 2009.



Mr Christopher Steytler QC  
Accountable Authority  
7 September 2009

## 8.3 PERFORMANCE INDICATOR REPORT

### KEY EFFECTIVENESS INDICATOR

	2007-08	2008-09	2008-09 Target
Number of investigations completed and reported to Parliament within target timeframes	1	1	1*

\* The Parliamentary Inspector is not required to report to Parliament until after the audit of these Key Performance Indicators, therefore the report referred to in the effectiveness indicator is the annual report for the previous year.

The Parliamentary Inspector of the Crime and Corruption Commission seeks to achieve the outcome of *an informed Parliament on the integrity of the Corruption and Crime Commission*. The indicator is measured by determining if the Parliamentary Inspector met the statutory annual reporting requirements contained s 203 of the *Corruption and Crime Commission Act 2003* ie

#### **203. Annual report to Parliament**

- (1) *The Parliamentary Inspector is to prepare, within 3 months after 30 June of each year, a report as to his or her general activities during that year.*
- (2) *The Parliamentary Inspector is to cause a copy of a report prepared under this section to be laid before each House of Parliament, or dealt with under s 206, within 21 days of the preparation of the report.*
- (3) *This section does not limit Part II Division 14 of the Financial Administration and Audit Act 1985 and the report required under this section may be prepared and dealt with in conjunction with the report required under that Division.*

This measure is a key indicator of performance because timeliness of reporting is essential if the Parliament is to base decisions on the information provided by the Parliamentary Inspector.



## KEY EFFICIENCY INDICATORS

	2007-08	2008-09	2008-09 Target
Average cost per investigation/case	\$11,245	\$8,260	\$8,607
Cost of the audit function as a percentage of total cost of operations	14%	27%	30%

### **Average Cost per investigation/case**

The average cost per investigation/case is calculated by determining the total cost of the investigation function and dividing it by the number of investigations closed for the period.

The total cost of the investigation function is calculated by determining the percentage of salaries devoted to the investigation function and then applying that percentage to the total expenditure of the PICCC for the period. This gives the total cost of the investigation function.

The number of specific investigations conducted and completed by the Parliamentary Inspector is recorded electronically. Each investigation is commenced by receipt of a written complaint and recorded in a complaints register. When the investigation is completed it is recorded as closed. The number of investigations is drawn from this information.

### **Cost of the audit function as a percentage of total cost of operations**

The cost of the audit function as a percentage of the total cost of operations is calculated by determining the percentage of total PICCC salaries devoted to the investigation function and then applying that percentage to the total expenditure of the PICCC for the period. For example, if 20% of salaries cost is devoted to the audit function then it is considered that 20% of the total cost of the PICCC is devoted to the audit function.

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## 9. DISCLOSURES AND LEGAL COMPLIANCE

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### 9.1 CERTIFICATION OF FINANCIAL STATEMENTS


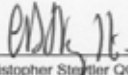
PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION


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CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

The accompanying financial statements of the Parliamentary Inspector of the Corruption and Crime Commission have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

 A Andersson Chief Finance Officer  7 September 2009	 Christopher Steptler QC Accountable Authority  7 September 2009
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## 9.2 FINANCIAL STATEMENTS

### PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

#### Income Statement

Year ending 30 June 2009

	Note	2009 \$	2008 \$
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expenses	4	364,559	204,515
Supplies and services	5	118,212	175,270
Depreciation and amortisation	6	2,619	5,438
Accommodation expenses	7	36,462	-
Other expenses	8	21,249	20,284
<b>Total cost of services</b>		<b>543,101</b>	<b>405,507</b>
<b>NET COST OF SERVICES</b>		<b>543,101</b>	<b>405,507</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
	9		
Service appropriations		149,000	144,000
Resources received free of charge		81,976	150,658
<b>Total income from State Government</b>		<b>230,976</b>	<b>294,658</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(312,125)</b>	<b>(110,849)</b>

The Income Statement should be read in conjunction with the accompanying notes.

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Balance Sheet**

*As at 30 June 2009*

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	16	389,467	664,420
Receivables	10	6,104	317
Amounts receivable for services	11	48,000	48,000
<b>Total Current Assets</b>		<b>443,571</b>	<b>712,737</b>
<b>Non-Current Assets</b>			
Property, plant and equipment (a)	12	3,830	6,449
<b>Total Non-Current Assets</b>		<b>3,830</b>	<b>6,449</b>
<b>TOTAL ASSETS</b>		<b>447,401</b>	<b>719,186</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	13	4,291	2,726
Provisions	14	42,344	4,427
<b>Total Current Liabilities</b>		<b>46,635</b>	<b>7,153</b>
<b>Non- Current Liabilities</b>			
Provisions	14	2,163	1,305
<b>Total Current Liabilities</b>		<b>2,163</b>	<b>1,305</b>
<b>TOTAL LIABILITIES</b>		<b>48,798</b>	<b>8,458</b>
<b>NET ASSETS</b>		<b>398,603</b>	<b>710,728</b>
<b>EQUITY</b>			
Contributed equity		160,000	160,000
Accumulated surplus (a)		238,603	550,728
<b>TOTAL EQUITY</b>		<b>398,603</b>	<b>710,728</b>

(a) 2008 restated to reflect a voluntary change in accounting policy to increase the asset capitalisation threshold to \$5000 for property, plant and equipment in 2008.

The Income Statement should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**

*For the year ended 30 June 2009*

	Note	2009 \$	2008 \$
<b>BALANCE OF EQUITY AT START OF PERIOD</b>		<u>710,728</u>	<u>826,884</u>
<b>Contributed Equity</b>	15		
Balance at start of period		160,000	160,000
Capital contributions		<u>-</u>	<u>-</u>
Balance at end of period		<u>160,000</u>	<u>160,000</u>
<b>Accumulated Surplus</b>	15		
Balance at start of period		550,728	666,884
Change in accounting policy (a)		<u>-</u>	<u>(5,307)</u>
Restated balance at start of period		550,728	661,577
Surplus/ (deficit) for the period		<u>(110,849)</u>	<u>342,038</u>
Balance at end of period		<u>238,603</u>	<u>550,728</u>
<b>BALANCE OF EQUITY AT END OF PERIOD</b>		<u>398,603</u>	<u>710,728</u>
Total income and expense for the period (b)		<u>(312,125)</u>	<u>(110,849)</u>

(a) (a) 2008 restated to reflect a voluntary change in accounting policy to increase the asset capitalisation threshold to \$5000 for property, plant and equipment in 2008.

(B) The aggregate net amount attributable to each category of equity is: deficit of \$312,125 (2008: deficit of \$110,849)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Cash Flow Statement**

*For the year ended 30 June 2009*

	Note	<b>2009</b> \$	<b>2008</b> \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		139,000	127,000
Holding account drawdowns		10,000	-
<b>Net cash provided by State Government</b>		<b>149,000</b>	<b>127,000</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(323,963)	(197,204)
Supplies and services		(59,498)	(44,232)
Accommodation		(36,462)	-
GST payments on purchases		(9,536)	(1,582)
<b>Receipts</b>			
GST receipts from taxation authority		5,506	1,654
<b>Net cash provided by/(used in) operating activities</b>	16	<b>(423,953)</b>	<b>(241,364)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		-	(2,599)
<b>Net cash provided by/(used in) investing activities</b>		<b>-</b>	<b>(2,599)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(274,953)</b>	<b>(116,963)</b>
Cash and cash equivalents at start of period		664,420	781,383
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	16	<b>389,467</b>	<b>664,420</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes.

## **1 Australian Equivalents to International Financial Reporting Standards**

### **General**

The financial statements for the Parliamentary Inspector of the Corruption and Crime Commission (the "Commission" for the purpose of these notes) for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Commission has adopted, where relevant to its operations, new and revised standards and interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

### **Early Adoption of Standards**

The Commission cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Commission for the annual reporting period ended 30 June 2009.

## **2 Summary of Significant Accounting Policies**

### **(a) General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

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**(b) Basis of Preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

**(c) Reporting Entity**

The reporting entity comprises the Commission and no other related bodies.

**(d) Contributed Equity**

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners of the Treasurer's instruction (TI) 955 'Contributions by Owners to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

**(e) Income**

**Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

*Rendering of services*

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

*Service appropriations*

Service appropriations are recognised as revenues in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury. See note 9 'Income from State Government' for further detail.



**Notes to the Financial Statements**

*For the year ended 30 June 2009*

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**(f) Property, Plant and Equipment**

*Capitalisation/Expensing of assets*

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

*Initial recognition and measurement*

All items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

*Subsequent measurement*

After recognition as an asset, the cost model is used for the measurement of property, plant and equipment. Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. See note 12 'Property, Plant and Equipment'.

*Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are periodically reviewed. Estimated useful lives for each class of depreciable asset are:

Office equipment	10 years
Computers	5 years

**(g) Impairment of Assets**

Property, plant and equipment are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less cost to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation reflects the level of consumption or expiration of assets' future economic benefits and to evaluate any impairment risk from falling replacement costs.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

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**(h) Financial Instruments**

The Commission has two categories of financial instrument:

- loans and receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

**(i) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(j) Accrued Salaries**

Accrued salaries (see note 13 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value. The last pay day in 2008/9 was 25 June 2009; therefore an accrual of 3 days was necessary in this financial year.

**(k) Amounts Receivable for Services (Holding Account)**

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**(l) Payables**

Payables are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

**(m) Provisions**

Provisions are liabilities of uncertain timing or account and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

**Provisions – Employee Benefits**

*Annual leave and long service leave*

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers Actuaries at 30 June 2009 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

*Superannuation*

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in WA.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation (GSS) scheme, a defined benefit lump sum scheme also closed to new members.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation (WSS) Scheme. Employees commencing employment on or after 16 April 2007 became members of the GESB Super (GESBS) Scheme. Both of these schemes are accumulation schemes. The Commission makes concurrent contributions to the GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the pension and GSS schemes, and is recouped by the Treasurer for the employer's share.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**Provisions - Other**

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately, as expenses and liabilities when the employment, to which they relate, has occurred. Employment on-costs are included as part of 'Other Expenses' and are not included as part of the Commission's 'Employment Benefits Expense'. The related liability is included in 'Employment on-costs provision'.

**(n) Superannuation Expense**

The following elements are included in calculating the superannuation expense in the Income Statement:

(a) Defined benefit plans – For 2007-08, the change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans – Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS) and the GESB Super Scheme (GESBS).

The Superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

**(o) Resources Received Free of Charge**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

**(p) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**3 Disclosure of Changes in Accounting Policy and Estimates**

**Initial Application of an Australian Accounting Standard**

**1 Disclosure of changes in accounting policy and estimates**

**Initial application of an Australian Accounting Standard**

The Committee has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Committee.

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';  
 AASB 1050 'Administered Items';  
 AASB 1051 'Land Under Roads';  
 AASB 1052 'Disaggregated Disclosures';  
 AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27,29 and 31 [AASB 3, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]; and  
 Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise there is no financial impact.

**Future Impact of Australian Accounting Standards not yet operative**

The Committee cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Commission has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Committee but are not yet effective. Where applicable, the Committee plans to apply these Standards and Interpretations from their application date.

<u>Title</u>	<u>Operative for reporting periods beginning on/after</u>
AASB 101 'Presentation of Financial Statements' (September 2007). This has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Commission does not expect any financial impact when the Standard is first applied.	1 January 2009

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of non-cash Assets to Owners [AASB 5 & AASB 110}'. This Standard amends AASB 5 'Non-current Assets held for Sale and Discounted Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown Land held by the Authority where the Crown Land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Authority does not expect any financial impact when the standard is first applied prospectively.

1 July 2009

AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Authority does not expect any financial impact when the Standard is first applied.

1 January 2009

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>4 Employee Benefits Expenses</b>		
Salaries and wages (a)	342,903	188,231
Superannuation (West State)	21,656	16,284
	<u>364,559</u>	<u>204,515</u>
(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.		
<b>5 Supplies and Services</b>		
Communication	12,435	9,073
Consumables	6,328	1,721
Consultants and contractors	17,473	13,818
Resources received free of charge (note 9)	81,976	150,658
	<u>118,212</u>	<u>175,270</u>
<b>6 Depreciation and amortisation expense</b>		
Office equipment and computers	2,619	5,438
	<u>2,619</u>	<u>5,438</u>
<b>7 Accommodation Expenses</b>		
Building rental operating lease expenses	36,462	-
	<u>36,462</u>	<u>-</u>
<b>8 Other Expenses</b>		
Insurance	6,302	-
Advertising	-	15,281
Other staff costs	11,991	-
Other Expenses (a)	2,956	5,003
(a) Includes bank fees; freight charges; electricity, travel and staff training.		

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

	<b>2009</b> \$	<b>2008</b> \$
<b>9 Income from State Government</b>		
Appropriation received during the year:		
Service appropriations (a)	149,000	144,000
	149,000	144,000
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General	81,976	150,658
- accounting, human resources and information technology services		
Total Income from State Government	294,658	555,273

(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(b) Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably measured and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the commission makes an adjustment directly to equity.

<b>10 Receivables</b>	<b>2009</b> \$	<b>2008</b> \$
GST receivable	4,347	317
Prepayments	1,757	-
	6,104	317

**11 Amounts Receivable for Services**

Current	48,000	31,000
	48,000	31,000

Represents the non-cash component of service appropriations. See note 2(n) 'Amounts Receivable for Services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.



**Notes to the Financial Statements**

*For the year ended 30 June 2009*

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>12 Property, Plant and Equipment</b>		
<u>Office equipment and computers</u>		
At cost (a)	15,262	15,262
Accumulated depreciation (a)	(11,432)	(8,813)
	<u>11,756</u>	<u>6,449</u>
<u>Leasehold improvements</u>		
At cost	-	139,100
Accumulated depreciation	-	(139,000)
	<u>-</u>	<u>-</u>
Total Property, Plant and Equipment	<u>3,830</u>	<u>6,449</u>

(a) Voluntary accounting change in Accounting Policy to increase the asset capitalisation threshold to \$5000 for property, plant and equipment has been reflected in the 2007-08 figures.

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in Appendix 1.

**Appendix 1: Reconciliation**

Reconciliations of the carrying amounts of property, plant equipment and vehicles at the beginning and end of the reporting period are set out below.

	Office Equipment \$'000	Total \$'000
<b>2009</b>		
Carrying amount at start of period	6,449	6,449
Additions		
Transfers (a)		
Other disposals classified as held for sale		
Revaluation increments		
Impairment losses (b)		
Impairment losses reversed (b)		
Depreciation	(2,619)	(2,619)
Carrying amount at end of year	<u>3,830</u>	<u>3,830</u>
<b>2008</b>		
Carrying amount at start of year	14,595	14,595
Additions	2,599	2,599
Correction of prior period error	(5,307)	(5,307)
Transfers (a)		
Other disposals classified as held for sale		
Revaluation increments		
Impairment losses (b)		
Impairment losses reversed (b)		
Depreciation	(5,438)	(5,438)
Carrying amount at end of year	<u>6,449</u>	<u>6,449</u>

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>13 Payables</b>		
Accrued salaries	3,882	2,061
Trade and other creditors	409	665
	<u>4,291</u>	<u>2,726</u>
<b>14 Provisions</b>		
<b>Current:</b>		
Annual Leave	32,217	4,427
Long Service Leave	10,127	-
	<u>42,344</u>	<u>4,427</u>
<b>Non-Current:</b>		
Long Service Leave	2,163	1,305
	<u>44,507</u>	<u>5,732</u>
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>15 Equity</b>		
Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.		
<b>Contributed equity</b>		
Balance at start of year	160,000	160,000
Capital contributions	-	-
Balance at end of year	<u>160,000</u>	<u>160,000</u>
<b>Accumulated surplus/(deficit)</b>		
Balance at start of year	550,728	666,884
Change in accounting policy (a)	-	(5,307)
Result for the period	(312,125)	(110,849)
Balance at end of period	<u>238,603</u>	<u>550,728</u>

(a) Voluntary accounting change in Accounting Policy to increase the asset capitalisation threshold to \$5,000 for property, plant and equipment has been reflected in 2007/08 figures.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>16 Notes to the Cash Flow Statement</b>		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	389,467	664,420
	<u>389,467</u>	<u>664,420</u>
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	(543,101)	(405,507)
Non-cash items:		
Depreciation and amortisation expense	2,619	5,438
Resources received free of charge	81,976	150,658
(Increase)/decrease in assets:		
Prepayments	(1,757)	-
Increase/(decrease) in liabilities:		
Current payables	1,565	2,244
Other current liabilities	37,917	4,427
Provisions Non Current	858	1,305
Net change in GST receivable	<u>(4,030)</u>	<u>71</u>
Net cash provided by/(used in) operating activities	<u>(423,953)</u>	<u>(241,364)</u>
<b>17 Commitments</b>		
The Commission leases a motor vehicle. The lease expenditure is expensed as it is incurred. At the reporting date the Commission had the following obligations under the operating lease.		
Within 1 year	5,610	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>5,610</u>	<u>-</u>

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**18 Explanatory Statement**

Significant variations between estimates and actual results for income and expense are shown below.

Significant variations are considered to be those greater than 5% or \$7,000.

**Significant variances between estimate and actual for 2009:**

	<b>Estimate 2009 \$</b>	<b>Actual 2009 \$</b>	<b>Variation \$</b>
<b>Expenses</b>			
Employee benefits expenses	273,000	364,559	91,559
Supplies and services	305,000	118,212	(186,788)
Depreciation and amortisation expenses	10,000	2,619	(7,381)
Accommodation	-	36,462	36,462
<b>Income from State Government</b>			
Service appropriations	249,000	149,000	(100,000)
Resources Received Free Of Charge	67,000	81,976	14,976

Employee benefits expenses

The main increase in employee benefits can be attributed to the re-classification of the position of Principal Legal Officer and the change in remuneration for the Parliamentary Inspector, following the commencement of the current occupant.

Supplies and services

The budget estimated expenditure for 2009 included an amount for employment of contract staff and engagement of consultants, neither of which were required during the period.

Accommodation expenses

Office accommodation for the Parliamentary Inspector was not required as he operated from private legal offices. Accommodation charges in Westralia Square to accommodate the Principal Legal Officer appointed during the year were paid for by the Department of the Attorney General and charged as a Resource Free of Charge.

Depreciation expense

Office equipment budgeted for was not purchased as the Commission utilised facilities at the Department of the Attorney General.

Accommodation

The variance can be attributed to the inclusion of accommodation costs which were not budgeted for but invoiced for the first time during 2009.

Service appropriations

Service appropriation was reduced as the Commission utilised existing cash balances accumulated from previous years.

Resources free of charge

Actuals were higher than estimates due to an unforeseen increase in corporate costs in 2009.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**Significant variances between actuals for 2008 and 2009:**

	<b>Actual 2009 \$</b>	<b>Actual 2008 \$</b>	<b>Variance \$</b>
<b>Expenses</b>			
Employee benefits expenses	342,903	188,231	154,672
Superannuation (West State)	21,656	16,284	5,372
Supplies and services	118,212	175,270	(57,058)
Accommodation	36,462	-	36,462
<b>Income</b>			
<u>Resources received free of charge</u>	81,976	150,658	(68,682)

Employee benefits expenses

The increase in employee benefits can be attributed to the re-classification of the position of Principal Legal Officer and the change in remuneration for the Parliamentary Inspector, following the commencement of the current occupant.

Supplies and services

The decrease is largely due to the impact of start-up in operations in 2008. This was a once-off impact.

Accommodation

The increase in other expenses can be attributed to the inclusion of accommodation costs which were paid for the first time during 2009.

Resources free of charge

The decrease is largely due to the impact of start-up in operations in 2008. This was a once-off impact.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**19 Financial Instruments**

**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Commission are cash and cash equivalents, receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

*Credit risk*

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 19© 'Financial Instruments Disclosures' and Note 10 'Receivables'.

The Commission trades only with recognised, creditworthy third parties. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the balance sheet date, there were no significant concentrations of credit risk.

*Liquidity risk*

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due. The Commission is exposed to liquidity risk through its trading in the normal course of business.

*Market Risk*

The Commission is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing and it has no borrowings.

**(b) Categories of Financial Instruments**

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	389,467	664,420
Receivables (a)	48,000	48,000
	<u>437,467</u>	<u>712,420</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	4,291	2,726
	<u>4,291</u>	<u>2,726</u>

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

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**(c) Financial Instruments Disclosure**

The following table details the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are part due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

The Commission does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Commission does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted average interest rate	Carrying Amount	Variable Interest Rate	Non- Interest Bearing	Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Impaired financial assets
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets 2009</b>												
Cash and cash equivalent assets		389,467		389,467								
Loans and advances												
Amounts receivable for Services		48,000		48,000								
Total financial assets	-	437,467	-	437,467	-	-	-	-	-	-	-	-
<b>2008</b>												
Cash and cash equivalent assets		664,420		664,420								
Amounts receivable for Services		48,000		48,000								
Total financial assets	-	712,420	-	712,420	-	-	-	-	-	-	-	-



	Weighted average interest rate	Carrying Amount	Variable Interest Rate	Non- Interest Bearing	Up to 3 months	3-12 months	1-2 years	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years discounting	Over 5 years	Impaired financial assets
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial liabilities 2009</b>														
Payables		4,291		4,291										
Total financial liabilities		4,291		4,291										
<b>2008</b>														
Payables		2,726		2,726										
Total financial liabilities		2,726		2,726										

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)  
The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**Remuneration of Members of the**

**20 Accountable Authority and senior officers**

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands, are:

	2009	2008
\$		
10,001 – 20,000		1
130,001 – 140,000		1
170,001 – 180,000	1	
Total remuneration of Members of the Accountable Authority:	\$171,038	\$149,807

The total remuneration includes the superannuation expense incurred by the Accountable Authority in respect of members of the Accountable Authority.

No member of the Accountable Authority is a member of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers other than senior officers reported as members of the Commission, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands, are:

	2009	2008
\$		
40,001 – 50,000		1
130,001 – 140,000	1	
Total remuneration of senior officers:	\$131,269	47,479

The total remuneration includes the superannuation expense incurred by the commission in respect of senior officers other than senior officers reported as members of the Commission.

No senior officer is a member of the Pension Scheme.

**21 Remuneration of Auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

	2009	2008
Auditing the accounts, financial statements and performance indicators	13,900	13,300

**22 Events Occurring After The Balance Sheet Date**

There were no events occurring after the balance date at the end of the financial year.

**23 Contingent Liabilities and Contingent Assets**

There were no contingent liabilities or contingent assets as at 30 June 2009 (2008: nil)

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Notes to the Financial Statements**

*For the year ended 30 June 2009*

**24 Related Bodies**

The Commission had no related bodies during the financial year (2008: nil).

**25 Affiliated Bodies**

The Commission had no affiliated bodies during the financial year (2008: nil).

**26 Supplementary Financial Information**

- There were no losses of public moneys or other public property through theft or default during the financial year (2008: nil).
- There were no write offs of public money or other public property during the financial year (2008: nil).
- There were no gifts of public property during the financial year (2008: nil).

### 9.3 OTHER FINANCIAL DISCLOSURES

Nil

### 9.4 GOVERNMENT DISCLOSURES

Financial interests – Nil

Officers receiving a benefit – Nil

### 9.5 OTHER LEGAL REQUIREMENTS

#### Advertising and Marketing Expenditure

Below is a summary of advertising and marketing expenditure from 1 July 2008 to 30 June 2009 in accordance with s 175ZE(1) of the *Electoral Act 1907*

Advertising and Marketing Expenditure	Amount (\$)
Advertising agencies	Nil
Market research organisations	Nil
Media advertising organisations	Nil
Direct mail organisations	Nil
Polling organisations	Nil
<b>TOTAL</b>	Nil

### 9.6 MINISTERIAL DIRECTIVES

The Premier directed that the *Corruption and Crime Commission Act 2003* be transferred from the Department of the Attorney General to the Department of Premier and Cabinet during 2008/09 for administration purposes.